



## H.R. 2528 – Military Construction and Veterans Affairs and Related Agencies Appropriations, 2006

Calendar No. 169

*On July 21, 2005, the Appropriations Committee reported H.R. 2528, with an amendment in the nature of a substitute, by a vote of 28-0; S. Rept. 109-105.*

### Noteworthy

- H.R. 2528 provides \$82.98 billion in new budget authority, which is \$1.26 billion above the Administration's request and \$6.81 billion above the FY05 enacted level.
- H.R. 2528 provides \$5.89 billion for military construction for the active and reserve component accounts, which is \$549.5 million above the Administration's request and nearly \$285.0 million above the FY05 enacted level. H.R. 2528 provides \$4.13 billion for family housing construction, operations and maintenance, and the Department's family housing improvement fund.
- H.R. 2528 provides \$1.50 billion for the base realignment and closure account (BRAC), 2005, which is \$376.0 million below the Administration's request.
- H.R. 2528 provides \$70.71 billion for the Department of Veterans Affairs. Of this funding, \$34.09 billion is discretionary funding, which is \$1.26 billion above the Administration's request and \$23.31 billion is for Medical Services, which is \$1.30 billion above the Administration's request.
- On May 26, the House passed H.R. 2528, its version of the Military Construction and Veterans Affairs Appropriations bill, by a vote of 425-1.

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## **Background**

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The Military Construction and Veterans Affairs and Related Agencies appropriation bill provides necessary funding for the planning, design, construction, alteration, and improvement of military facilities worldwide, both for Active and Reserve forces. It also finances the cost of military family housing and the U.S. share of the NATO Security Investment Program. In addition, the bill provides funding to implement base closures and realignments authorized by law. The bill provides resources to the Department of Veterans Affairs for veterans benefits and care. The bill also provides funding for U.S. cemeteries and battlefield monuments both in the United States and abroad; U.S. Court of Appeals for Veterans Claims; and Armed Forces Retirement Homes.

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## **Bill Provisions**

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### **Title I – Military Construction**

H.R. 2528 provides \$5.89 billion for military construction for the active and reserve component accounts, which is \$549.5 million above the Administration's request and nearly \$285.0 million above the FY05 enacted level. The active component accounts provide \$4.88 billion, which is \$254.0 million above the Administration's request and \$225.1 million above the FY05 enacted level. Significant spending accounts include:

#### **Active Components:**

- Provides \$1.64 billion for **Army** construction, which is \$160.8 million above the Administration's request, but \$321.5 million below the FY05 enacted level.
- Provides \$953.5 million for **Navy** construction, which is \$75.7 million below the Administration's request and \$226.9 million below the FY05 enacted level.
- Provides \$1.21 billion for **Air Force** construction, which is \$139.5 million above the Administration's request and \$364.6 million above the FY05 enacted level.
- Provides \$1.07 billion for **Defense-wide** construction, which is \$29.4 million above the Administration's request and \$408.8 million above the FY05 enacted level.

**Medical Construction Program:** Provides \$223.8 million for 12 projects, which is equal to the Administration's request.

**Energy Conservation Investment Program:** Provides \$60.0 million for the Energy Conservation Investment Program (ECIP), which fully funds the Administration's request. A report language request requires the Department to submit a strategy and projected budget for implementing the findings of the renewable energy assessment to the

Congressional defense committees, which was funded in the FY02 Military Construction Appropriations bill.

**Reserve Components:** Provides \$1.02 billion for Reserve Component military construction, which is \$295.5 million above the Administration's request and \$59.9 million above the FY05 enacted level.

- Provides \$467.1 million for **Army National Guard** construction, which is \$140.1 million above the Administration's request and \$20.4 million above the FY05 enacted level.
- Provides \$279.2 million for **Air National Guard** construction, which is \$113.9 million above the Administration's request and \$36.1 million above the FY05 enacted level.
- Provides \$136.1 million for **Army Reserve** construction, which is \$30.0 million above the Administration's request and \$43.7 million above the FY05 enacted level.
- Provides \$46.7 million for **Naval Reserve** construction, which is \$1.5 million above the Administration's request and \$2.4 million above the FY05 enacted level.
- Provides \$89.3 million for the **Air Force Reserve** construction, which is \$10.0 million above the Administration's request, but \$34.7 million below the FY05 enacted level.

**North Atlantic Treaty Organization:** Provides \$206.9 million for the North Atlantic Treaty Organization (NATO) Security Investment Program, which fully funds the Administration's request and is \$41.1 million above the FY05 enacted level. Report language continues a prohibition of funds being used on both the enlargement of NATO and the Partnership for Peace program unless Congress is notified 21 days in advance. Additional report language prohibits funds appropriated for the Program from being obligated for missile defense studies.

**Family Housing:** Provides \$4.13 billion for family housing construction, operations and maintenance, and the Department's family housing improvement fund, which is \$108.5 million below the Administration's request, but \$59.1 million above the FY05 enacted level.

- Provides \$549.6 million for **Army** family housing construction, which fully funds the Administration's request, but is \$86.5 million below the FY05 enacted level. Provides nearly \$813.0 million for **Army** family housing operation and maintenance, which fully funds the Administration's request, but is \$113.5 million below the FY05 enacted level.
- Provides \$218.9 million for **Navy** family housing construction, which fully funds the Administration's request, but is \$79.8 million below the FY05 level. Provides \$593.7 million for **Navy** family housing operation and maintenance, which fully funds the Administration's request, but is \$102.6 million below the FY05 enacted level.
- Provides \$1.14 billion for **Air Force** family housing construction, which is \$108.5 million below the Administration's request, but \$295.7 million above

the FY05 enacted level. Provides \$766.9 million for **Air Force** family housing operation and maintenance, which fully funds the Administration's request, but is \$86.4 million below the FY05 enacted level.

- Provides \$46.4 million for **Defense-wide** family housing operation and maintenance, which fully funds the Administration's request, but is \$3.2 million below the FY05 enacted level.
- Provides \$2.5 million for the Family Housing Improvement Fund, which fully funds the Administration's request.

**Base Realignment and Closure Account:** Provides \$377.8 million for base realignment and closure account (BRAC), 1990 Part IV, which fully funds the Administration's request and is \$131.7 million above the FY05 enacted level. Provides \$1.50 billion for base realignment and closure (BRAC), 2005, which is \$376.0 million below the Administration's request.

## **Title II – Department of Veterans Affairs**

H.R. 2528 provides \$70.71 billion for Veterans Affairs, which is \$1.26 billion above the Administration's request and \$4.87 billion above the FY05 enacted level. Of this amount, \$36.63 billion is mandatory spending. Significant spending accounts include:

**Compensation and Pensions:** Provides \$33.41 billion for compensation and pensions, which is equal to the Administration's request and \$805.2 million above the FY05 enacted level. Compensation is payable to living veterans who have suffered impairment of earning power from service-connected disabilities. Pensions are an income security benefit payable to needy wartime veterans who are precluded from gainful employment due to non-service-connected disabilities, which render them permanently and totally disabled.

**Readjustment Benefits:** Provides \$3.21 billion for Readjustment Benefits, which fully funds the Administration's request and is \$658.0 million above the FY05 enacted level. The readjustment benefits appropriation finances the education and training of veterans and servicepersons whose initial entry on active duty took place on or after July 1, 1985.

**Veterans Insurance and Indemnities:** Provides \$45.9 million for Veterans Insurance and Indemnities, which fully funds the Administration's request and is \$1.5 million above the FY05 enacted level. The veterans insurance and indemnities appropriation consists of the former appropriations for military and naval insurance, applicable to World War I veterans; National Service Life Insurance, applicable to certain World War II veterans; Servicemen's indemnities, applicable to Korean conflict veterans; and veterans mortgage life insurance to individuals who have received a grant for specially adapted housing.

**Veterans Housing Benefit Program Fund Program Account:** Provides \$64.6 million for the Veterans Housing Benefit Program Fund Program Account, which fully funds the Administration's request and is \$20.8 million above the FY05 enacted level. With the

exception of the Native American Veteran Housing Loan Program and the Guaranteed Transitional Housing Loans for Homeless Veterans Program, this appropriation provides for all costs for the VA's direct and guaranteed housing loans, as well as the administrative expenses to carry out these programs, which may be transferred to and merged with the general operating expenses account.

**Medical Services:** Provides \$23.31 billion for Medical Services, which is \$1.34 billion above the Administration's request and \$3.99 billion above the FY05 enacted level. Of this funding, \$1.98 billion is designated as emergency spending. This account provides for medical services of eligible veterans and beneficiaries in VA medical centers, outpatient clinic facilities, contract hospitals, State homes, and outpatient programs on a fee basis.

**Medical Administration:** Provides \$2.86 billion for Medical Administration, which is \$1.66 billion below the Administration's request and \$1.81 billion below the FY05 enacted level. This account provides funds for the expenses of management, security, and administration of the VA healthcare system.

**Information Technology:** Provides \$1.46 billion for Information Technology. The Administration did not request this funding, nor was any such funding provided in FY05. This account encompasses the entire information technology portfolio for the Department of Veterans Affairs.

**Medical Facilities:** Provides nearly \$3.30 billion for Medical Facilities, which fully funds the Administration's request, but is \$417.4 million below the FY05 enacted level. This account provides funds for the operation and maintenance of the VA healthcare system's capital infrastructure.

**Medical and Prosthetic Research:** Provides \$412.0 million for Medical and Prosthetic Research, which is \$19.0 million above the Administration's request and \$9.7 million above the FY05 enacted level. This account provides funds for medical, rehabilitative, and health services research. Medical research supports basic and clinical studies that advance knowledge leading to improvements in the prevention, diagnosis, and treatment of diseases and disabilities.

**National Cemetery Administration:** Provides \$156.4 million for the National Cemetery Administration, which fully funds the Administration's request and is \$8.7 million above the FY05 enacted level. The National Cemetery Administration was established in accordance with the National Cemeteries Act of 1973. It has a fourfold mission: to provide for the interment in any national cemetery of the remains of eligible deceased servicepersons and discharged veterans, together with their spouses and certain dependents, and to permanently maintain their graves; to mark graves of eligible persons in national and private cemeteries; to administer the grant program for aid to States in establishing, expanding, or improving State veterans' cemeteries; and to administer the Presidential Memorial Certificate Program.

### **Title III – Related Agencies**

**American Battle Monuments Commission:** Provides \$51.5 million for American Battle Monuments Commission, which is \$1.0 million above the Administration's request, but \$1.2 million below the FY05 enacted level.

**U.S. Court of Appeals of Veterans Claims:** Provides \$18.8 million for the U.S. Court of Appeals for Veterans Claims, which is \$500,000 above the Administration's request and \$1.7 million above the FY05 enacted level.

**Armed Forces Retirement Home:** Provides \$58.3 million for the Armed Forces Retirement Home, which fully funds the Administration's request, but is \$2.9 million below the FY05 enacted level.

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### **Administration Position**

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A Statement of Administration Policy (SAP) on the bill as reported by the Senate Appropriations Committee was not available at press time.

On May 26, the Administration released a SAP on the House-reported bill, H.R. 2528. The Administration supported House passage of H.R. 2528, and looks forward to working with Congress to ensure that the FY06 appropriations bills do not exceed the **\$843 billion discretionary funding level** contained in the FY06 Budget Resolution. **(The President's Budget includes over 150 program savings and reforms and was the first to propose reducing non-security discretionary spending since the Reagan Administration.)** In the SAP, the Administration offered its views on several provisions in H.R. 2528 (including Base Realignment and Closure, its proposal to increase drug co-payments, the Energy Conservation Investment Program, and transfer authority).

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## **Cost**

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S. 2528 would result in the following outlays:

FY 2006	\$69.137 billion <sup>1</sup>
FY 2007	\$8.368 billion
FY 2008	\$4.000 billion
FY 2009	\$1.370 billion
FY 2010 and future years	\$0.832 billion

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## **Possible Amendments**

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A number of amendments are expected.

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<sup>1</sup> This amount excludes outlays from prior-year budget authority. If outlays from prior-year budget authority are excluded, the total is \$2.438 billion.